

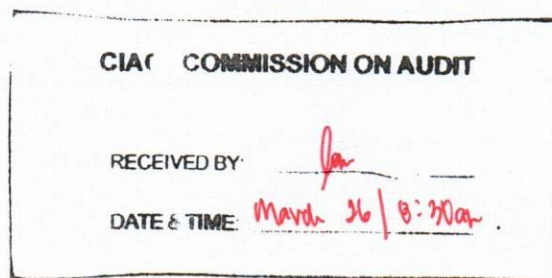


22 March 2024

**TERESITA C. GUEVARRA**

State Auditor V  
Supervising Auditor  
Commission on Audit  
Clark Freeport Zone, Pampanga

Through: **FRANCIS S. MAYLED**  
State Auditor III  
OIC – Audit Team Leader  
Commission on Audit  
Clark Freeport Zone, Pampanga



Dear Auditor Guevarra:

This is with reference to the Audit Observation Memorandum (AOM) 2024-07(2023) dated 14 March 2024 on existence and valuation of the Property, Plant and Equipment (PPE) account with carrying amount of Php1,055,865,623.83 as at 31 December 2023. As stated in the AOM, the inability of the Accounting and Property Divisions to resolve the identified reconciling items between the General Ledger (GL) and the Report on Physical Count of the Property, Plant and Equipment (RPCPPE) and the failure to conduct the inventory count of the immovable PPE impaired the reliability and fair presentation of the PPE accounts in the financial statements.

In relation to the findings, please find our comments and actions to be taken below:

For the moveable PPEs, the Property and Accounting Divisions undertook periodic reconciliations to correct the balances of our PPEs and prevent the accumulation of discrepancies. The responsible divisions exhausted all efforts in the reconciliation resulting to 100% reconciled PPEs ageing five years and below. Most of the remaining items for reconciliation have already exceeded their useful life, hence, their carrying value is equivalent to their residual value. See **Annex A**.

For the immovable PPEs, the Property Division maintains a record of CIAC buildings within our jurisdiction (see **Annex B**). However, the properties were not included in the usual reports submitted to the COA. Please note that majority of the immovable assets in the accounting records are not in the report of the Property Division due to their nature as follows:

- a. Passenger Terminal Building. The building was already turned over to the Bases Conversion and Development Authority in 2019. However, the Deed of Assignment for the transfer of this immovable asset is still in process.
- b. runways
- c. taxiways
- d. access roads
- e. pavements



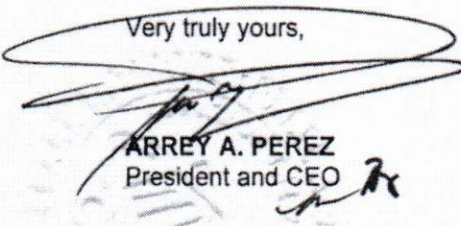


In view of the recommendation of the COA, the Management commits to undertake the following courses of actions:

- a. Consider the procedures in COA Circular No. 2020-006 for the identified discrepancies in our PPEs.
- b. The Inventory Committee, with at least one member from the Accounting and Property Divisions, shall at best effort conduct the inventory taking procedures of all CIAC's properties that are inventoriable. Rest assured that we will involve the COA to witness our inventory taking pursuant to COA Circular No. 2020-006.

Thank you for the continued support.

Very truly yours,



**ARREY A. PEREZ**  
President and CEO

JAC OF LETTER NO.: 24-082

